THE HONORABLE MARC L. BARRECA
Chapter 7

THE UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re ADAM R. GROSSMAN, Debtor.	Case No. 10-19817 MOTION FOR ABANDONMENT OF 1697 STRAUSS LANE AND 773 METRO WAY TO THE DEBTOR

COMES NOW the Debtor, Adam R. Grossman, by and through his attorneys of record, Law Offices of Jeffrey B. Wells, and moves the court for an ordering abandoning 1697 Strauss Lane and 773 Metro Way in Redding, CA, to the Debtor.

As set forth in the declaration of Adam R. Grossman which accompanies this motion, a liquidation scenario accounting for all costs shows these properties to have negative value to the estate. (See Table 1)

The two properties theoretical gross revenue using recent Zillow.com estimates is shown as $300,700 in Table 1. However, as set forth in detail in the accompanying declaration of Adam R. Grossman, many other costs affect the true net liquidation value realized. In the Shasta County market, as set forth in the declaration, the average days on the market is still

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	Strauss Lane	Metro Way	Total
Average Days On Market (DOM):	197	197	
(est. half) (%) REO Discount:	23%	23%	23%
Recent Zillow Gross:	$155,000	$145,700	$300,700
Discounted Recent Zillow Gross:	$137,175	$128,945	$266,120
1st Mortgage:	$66,000	$95,000	$161,000
2nd Mortgage:	$88,000	$12,000	$100,000
Selling Cost:			6%
Mandatory CA State Tax Withholding:			3%
LTCG Tax Rate:	20%	20%	
Tax Basis:	$18,000	-	
Phantom U.S. Income Tax Liabillity:	$119,175	-	$23,835
Additional Estate Admin Costs:			$10,000
Net After Discount, Debt, Selling, Tax, Admin:			($52,187)
Short Sale Hits Borodin/Grossman Credit:	Y	-	

Table 1 -- See Accompanying Declaration

more than 1/2 year -- meaning half of all properties listed for sale take longer than 1/2 year to sell. Banks or receiverships tend to be less patient and on average wish to sell faster. They are observed to discount the list price on average by 23% compared to owner occupied sellers. A more realistic gross shown on Table 1 using only 1/2 of the REO discount would be $266,120.

The two properties each secure two bank deeds of trust. The amounts owed to a best approximation of attorneys fees and accrued interest as of the time this motion is heard is $66,000, $95,000, $88,000, and $12,000 to Wells Fargo (twice), PNC Bank, and Redding Bank of Commerce respectively, for a total of $261,000.

Other costs, shown in Table 1 that may affect the true net liquidation value realized,

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include mandatory California state tax withholding of 3%, selling costs of at least 5% but usually estimated closer to 10%., income tax liability from over six-figures of "phantom income" due to a very depreciated tax basis of only $18,000 on the Strauss Lane property which was purchased in 1989, and additional estate administrative costs.

Using realistic gross revenues and including all costs, Table 1 shows a loss to the estate of over $50,000 for both properties.

There are currently pending two motions for relief from stay, filed by PNC Bank and Wells Fargo, set for hearing on May 18, 2012.

The proposed order is based upon a bifurcated Metro Way Family Trust. Metro Way Family Trust Part A holding $7,500 raised from investors and Metro Way Family Trust Part B would hold the encumbered real property and new debt. The bifurcation has no effect on the beneficial interest which, in aggregate, does not change when bifurcated. The proposed order abandons the Strauss Lane property and Metro Way Family Trust Part B but leaves the estate holding Metro Way Family Trust Part A holding $7,500 cash.

This motion protects the credit of Mr. Grossman's former spouse, Jill Borodin, in two ways: first, by providing an alternative to foreclosure by the bank or liquidation by the chapter 7 trustee because a sale — *by any means* — would appear with near certainty to be insufficient to pay the entirety of the second lien holder on the Strauss Lane property on which Ms. Borodin is a co-signatory; and, second, by an irrevocable grant of authority (See Exhibit 6 on attached declaration) for Ms. Borodin to direct and/or override any contractual provision any person collecting or paying rent *on both properties* first to pay *in full and before any other payments are made*, the monthly amount due on the debt for which she is co-signatory; if any monthly

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payment is more than 10 days late, to appoint a property manager licensed by the state of California chosen by her and to direct and/or create any contractual provision to effect the same absolute seniority of payment priority.

This motion is based upon the files and records herein and the accompanying declaration of Adam R. Grossman.

Dated this 26th day of April, 2012.

/s/ Jeffrey B. Wells
Jeffrey B. Wells, WSBA #6317
Attorney for Debtor

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THE UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re ADAM R. GROSSMAN, Debtor.	Case No. 10-19817 DECLARATION OF ADAM R. GROSSMAN IN SUPPORT OF MOTION FOR ABANDONMENT

I, Adam R. Grossman, am the Debtor herein. I make the following declaration in support of the accompanying motion for abandonment properties located at 1679 Strauss Lane and 773 Metro Way in Redding, CA.

Pursuant to 11 U.S.C. § 554(b), I am petitioning the court to order these two properties to be abandoned. They are burdensome and have, in this case not merely inconsequential but, negative value to the estate. See Exhibit 1.

I have particular expertise in residential real estate and specific knowledge of these properties. I can better administer them, as I have demonstrated, and in the case of the property located at 1679 Strauss Lane, which I purchased in 1989, it was maintained and no secured creditor ever went into default under my management for twenty years.

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My present motion to abandon is based upon a division of the 773 Metro Way Family Trust into two parts, only one of which is abandoned: 773 Metro Way Family Trust A contains $7,500 which is not abandoned (See Exhibit 2); and 773 Metro Way Family Trust B is a the unbifurcated 773 Metro Way Family Trust after incurring additional debt and then bifurcating. No court order is required because 773 Metro Way Family Trust is not in bankruptcy and after 19 months into these proceedings has not yet been served with process for any subject matter dispute. As a courtesy to the trustee and the court, these documents all contain "reversible upon the advice of counsel within 45 days" clauses during which perfection by the non-bankrupt entity of a security interest for new debt necessary to rehabilitate these properties is suspended "for 45 days except upon the advice of counsel" as I do not have the money required to rehabilitate these properties but believe I can raise it from investors.

The proposed orders are to abandon the property to me or a designee. The involvement of investors may affect the manner title is held so the order uses the standard language from California Association of Realtors' (CAR) Residential Purchase Agreement (RPA) form allowing the transferee to vest title pursuant to their instructions.

Since other pleadings herein have alleged some of my actions have been hindering I appreciate the opportunity to show that I have very consistently held that an expedited settlement with minimal administrative cost has always been the in the best interests of investors and creditors. I have made settlement offers on May 18, 2011, August 19, 2011, October 31, 2011, November 8, 2011, December 16, 2011, and April 13, 2012[1], for amounts to be paid to the estate as high as $185,000 that I was confident I could raise from investors based

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upon the estate's previous undiminished asset base. These facts show my actions hastening, not hindering, the administration of the estate.

The two motions for relief from stay (despite there being no stay) from PNC Bank and Wells Fargo seeking to foreclose both properties makes this petition timely. I have spoken with PNC Bank, which is not always possible due to complications regarding my inheritance of this property that are addressed in my SoFa, and the bank does seem to be willing to make arrangements to prevent the foreclosure.[2] I expect Wells Fargo to be accommodating as they were in December, 2010, when I arranged with them to have payments of debt made timely for liens in both first and second position.

This motion protects the credit of Mr. Grossman's former spouse, Jill Borodin, in two ways: first, by providing an alternative to foreclosure on the Strauss Lane property, the second lien on which Ms. Borodin is a co-signatory, as liquidation by the chapter 7 trustee or a sale — by any means — will be insufficient to pay the entirety of the second lien holder in full; and, second, by my irrevocable grant of authority (See Exhibit 3) for Ms. Borodin to direct any person collecting or paying rent on both properties first to pay in full and before any other payments are made, the monthly amount due on the debt for which she is co-signatory; if any monthly payment is more than 10 days late, to appoint a property manager licensed by the state of California chosen by her and to direct and/or create any contractual provision to effect the same payment priority. It further authorizes an election, if she chooses, to deduct for tax purposes the mortgage interest, or a combination of Schedule E entries that sum to the same

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[2] I have learned that further minor complications exist because PNC Bank never changed the status of the loan from my late father's probate estate to me and that the bankruptcy has changed the status of loan to the bankruptcy estate which would explain why I have not received information about it.

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amount, on this loan until I may again be able to refinance it.

I hereby declare under penalty of perjury under the laws of the State of Washington that the foregoing statements are true and correct to the best of my knowledge and belief.

Dated this 26th day of April, 2012.

Adam R. Grossman

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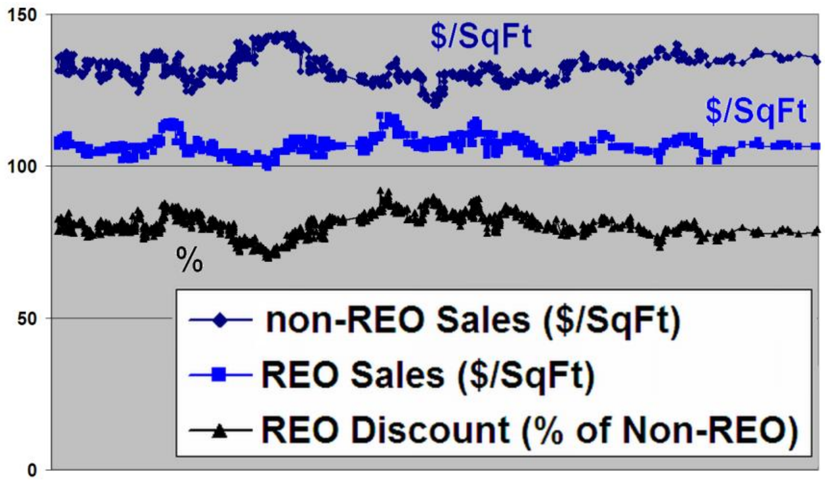
Exhibit 1

	Strauss Lane	Metro Way	Total
Average Days On Market (DOM):	197	197	
(est. half) (%) REO Discount:	23%	23%	23%
Recent Zillow Gross:	$155,000	$147,500	$302,500
Discounted Recent Zillow Gross:	$137,175	$130,538	$267,713
1st Mortgage:	$66,000	$95,000	$161,000
2nd Mortgage:	$88,000	$12,000	$100,000
Selling Cost:			6%
Mandatory CA State Tax Withholding:			3%
LTCG Tax Rate:	20%	20%	
Tax Basis:	$18,000	-	
Phantom U.S. Income Tax Liabillity:	$119,175	-	$23,835
Additional Estate Admin Costs:			$10,000
Net After Discount, Debt, Selling, Tax, Admin:			($50,735)
Short Sale Hits Borodin/Grossman Credit:	Y	-	

Cost / Benefit Analysis: Sale, Foreclosure, Disposition Starting In Present



Shasta County Sales
REOs : non-REOs
23% Average Discount

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Exhibit 2

	Total
Unabandoned Part of Metro Way Family Trust	$7,500
Net to Estate:	$7,500
Short Sale Hits Borodin/Grossman Credit:	N

Cost / Benefit Analysis: Abandonment Starting In Present

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Exhibit 3

I, Adam R. Grossman, do hereby grant authority to Jill Borodin or her successor or assignee to act on my behalf and with full authority for the limited purposes of:

1. directing any person or entity making or receiving a payment of rent in connection with rents from either 1679 Strauss Lane or 773 Metro Way in Redding, CA, to first apply such any and all payments due towards Wells Fargo FlexAbility #6505905963-1998 provided the total payments made do not exceed the total monthly payments projected due 30 days forward;
2. appointing a property manager licensed by the state of California and to direct and/or create any contractual provision to effect the same payment priority as in (1) if there is a balance on the aforementioned debt past due 10 or more days after this authorization becomes effective;
3. deducting for tax purposes the mortgage interest, or a combination of Schedule E entries that sum to the same amount, on the aforementioned debt; and,
4. obtaining information necessary to proceed with actions described herein.

This authority shall be effective upon the entry of my proposed orders noted for ___ in ___ and shall be irrevocable during such time that the aforementioned debt exists.

This authority shall be considered my consent to any third party to cooperate fully with the provisions herein.

This authority shall be included as an attachment to any contracts I enter regarding rents subject to this authority.

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THE UNITED STATES BANKRUPTCY COURT FOR THE
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In re ADAM R. GROSSMAN, Debtor.	Case No. 10-19817 ORDER ABANDONING 1697 STRAUSS LANE AND 773 METRO WAY TO THE DEBTOR **- Proposed -**

THIS MATTER having come on shortened-time basis before the above-signed Judge of the above-entitled Court upon the motion of the Debtor to have the estate abandon its interest in 1697 Strauss Lane and 773 Metro Way Family Trust Part B, and notice having been given to all creditors and parties in interest, and no opposition to said motion having been filed; Now, Therefore,

IT IS HEREBY ORDERED that Debtors' motion to abandon the estate's interest in real property at 1697 Strauss Lane and in 773 Metro Way Family Trust Part B is granted, and the estate's interest in these assets is abandoned to the Debtor. The abandonment does not affect the estate's interest in Metro Way Family Trust Part A.

/// End of Order ///

Presented by:

/s/ Jeffrey B. Wells
Jeffrey B. Wells, WSBA #6317
Attorney for Debtor
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